

House File 2451 - Reprinted

HOUSE FILE 2451

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 654)

(As Amended and Passed by the House April 11, 2016)

A BILL FOR

1 An Act relating to water quality by modifying the wastewater
2 treatment financial assistance program, providing for
3 appropriations from the rebuild Iowa infrastructure fund,
4 creating a water quality infrastructure fund, establishing
5 a water quality financing program, providing for cost-share
6 programs for infrastructure on agricultural and urban
7 land under the water quality initiative, creating a water
8 service excise tax and a related sales tax exemption, making
9 appropriations, and including effective date provisions.
10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8.57, subsection 5, Code 2016, is amended
2 by adding the following new paragraph:

3 NEW PARAGRAPH. *Oh.* (1) Notwithstanding paragraph “c” of
4 this subsection, there is appropriated from the rebuild Iowa
5 infrastructure fund to the water quality infrastructure fund
6 created in section 8.57B the following amounts:

7 (a) For the fiscal year beginning July 1, 2016, and ending
8 June 30, 2017, five million dollars.

9 (b) For the fiscal year beginning July 1, 2017, and ending
10 June 30, 2018, six million five hundred thousand dollars.

11 (c) For the fiscal year beginning July 1, 2018, and ending
12 June 30, 2019, eleven million five hundred thousand dollars.

13 (d) For the fiscal year beginning July 1, 2019, and ending
14 June 30, 2020, sixteen million five hundred thousand dollars.

15 (e) For the fiscal year beginning July 1, 2020, and ending
16 June 30, 2021, sixteen million five hundred thousand dollars.

17 (f) For the fiscal year beginning July 1, 2021, and ending
18 June 30, 2022, twenty-two million dollars.

19 (g) For the fiscal year beginning July 1, 2022, and ending
20 June 30, 2023, twenty-two million dollars.

21 (h) For the fiscal year beginning July 1, 2023, and ending
22 June 30, 2024, twenty-two million dollars.

23 (i) For the fiscal year beginning July 1, 2024, and ending
24 June 30, 2025, twenty-two million dollars.

25 (j) For the fiscal year beginning July 1, 2025, and ending
26 June 30, 2026, twenty-two million dollars.

27 (k) For the fiscal year beginning July 1, 2026, and ending
28 June 30, 2027, twenty-two million dollars.

29 (l) For the fiscal year beginning July 1, 2027, and ending
30 June 30, 2028, twenty-two million dollars.

31 (m) For the fiscal year beginning July 1, 2028, and ending
32 June 30, 2029, twenty-two million dollars.

33 (2) This paragraph “*Oh*” is repealed on January 1, 2030.

34 Sec. 2. NEW SECTION. 8.57B Water quality infrastructure
35 fund — creation — appropriations.

1 1. A water quality infrastructure fund is created within
2 the division of soil conservation and water quality of the
3 department of agriculture and land stewardship. The fund
4 shall consist of moneys appropriated from the rebuild Iowa
5 infrastructure fund pursuant to section 8.57, subsection 5,
6 paragraph "oh".

7 2. The fund shall be separate from the general fund of the
8 state and the balance in the fund shall not be considered part
9 of the balance of the general fund of the state. However, the
10 fund shall be considered a special account for the purposes
11 of section 8.53, relating to generally accepted accounting
12 principles.

13 3. Moneys in the fund are appropriated to the division
14 of soil conservation and water quality of the department of
15 agriculture and land stewardship for the exclusive purpose of
16 supporting water quality agriculture infrastructure programs
17 created in section 466B.43.

18 4. Notwithstanding section 8.33, moneys in the fund
19 that remain unencumbered or unobligated at the close of a
20 fiscal year shall not revert but shall remain available for
21 expenditure for the purposes designated. Notwithstanding
22 section 12C.7, subsection 2, interest or earnings on moneys in
23 the fund shall be credited to the fund.

24 5. This section is repealed on January 1, 2030.

25 Sec. 3. Section 16.134, Code 2016, is amended to read as
26 follows:

27 **16.134 Wastewater and drinking water treatment financial**
28 **assistance program.**

29 1. The Iowa finance authority shall establish and
30 administer a wastewater and drinking water treatment financial
31 assistance program. The purpose of the program shall be to
32 provide financial assistance to enhance water quality. The
33 program shall be administered in accordance with rules adopted
34 by the authority pursuant to [chapter 17A](#). For purposes of
35 this section, "program" means the wastewater and drinking water

1 treatment financial assistance program and "committee" means the
2 water quality financing review committee created in subsection
3 9.

4 2. A wastewater and drinking water treatment financial
5 assistance fund is created and shall consist of appropriations
6 made to the fund and transfers of interest, earnings, and
7 moneys from other funds as provided by law. Moneys transferred
8 to the fund pursuant to section 16.134A are appropriated to the
9 authority for purposes of the program. Moneys in the fund are
10 not subject to section 8.33. Notwithstanding section 12C.7,
11 subsection 2, interest or earnings on moneys in the fund shall
12 be credited to the fund.

13 3. Financial assistance under the program shall be used
14 to install or upgrade wastewater treatment facilities and
15 systems and drinking water treatment facilities and systems,
16 including source water protection projects, and for engineering
17 or technical assistance for facility planning and design.

18 4. The authority committee shall ~~distribute~~ approve
19 financial assistance ~~in~~ from the fund in accordance with the
20 following:

21 ~~a. The goal of the program shall be to base awards on the~~
22 ~~impact of the grant combined with other sources of financing to~~
23 ~~ensure that sewer rates do not exceed one and one-half percent~~
24 ~~of a community's median household income.~~

25 ~~b. a. Communities shall be eligible for financial~~
26 ~~assistance by qualifying as~~ Priority shall be given for
27 projects in which a disadvantaged community and is seeking
28 financial assistance for the installation or upgrade of
29 wastewater treatment facilities ~~due to regulatory activity~~
30 ~~by the department of natural resources~~ and drinking water
31 treatment facilities. For purposes of this section, the term
32 "disadvantaged community" means the same as defined by the
33 department.

34 ~~c. b.~~ Priority shall be given to projects ~~in which the~~
35 meeting criteria established in section 455B.199B in which the

1 applicant seeks financial assistance is to be used to obtain
2 with financing under the water pollution control works and
3 drinking water facilities financing program pursuant to section
4 16.131 or other federal, or state, or private financing.

5 ~~d.~~ c. Priority shall also be given to projects whose
6 completion will provide significant improvement to water
7 quality in the relevant watershed.

8 ~~e.~~ d. Priority shall also be given to communities that
9 employ an alternative wastewater treatment technology pursuant
10 to section 455B.199C.

11 ~~f.~~ e. Priority shall be also be given to those communities
12 where sewer or water rates are the highest as a percentage of
13 that community's median household income.

14 ~~g.~~ f. Financial assistance in the form of grants shall be
15 issued on an annual basis.

16 ~~h.~~ g. An applicant shall not receive a grant that exceeds
17 five hundred thousand dollars.

18 h. Priority shall also be given to communities that employ
19 technology to address the latest version of the "Iowa Nutrient
20 Reduction Strategy" initially presented in November 2012 by the
21 department of agriculture and land stewardship, the department
22 of natural resources, and Iowa state university of science and
23 technology.

24 4A. A utility management organization formed under chapter
25 28E or operated by a rural water system organized under chapter
26 357A or chapter 504 shall be considered eligible for financial
27 assistance under the program.

28 5. The authority in cooperation with the department of
29 natural resources shall ~~share~~ provide information and resources
30 to the committee when the committee is determining the
31 qualifications of a community for financial assistance from the
32 fund.

33 6. The authority shall enter into agreements with financial
34 assistance recipients and distribute moneys under the program
35 pursuant to financial assistance determinations made by the

1 committee. The authority may use an amount of not more than
2 ~~four~~ one percent of any moneys appropriated for deposit in the
3 fund for administration purposes.

4 7. By October 1 of each year, the authority shall submit
5 a report to the governor and the general assembly itemizing
6 expenditures under the program during the previous fiscal year.

7 8. a. Beginning September 1, 2026, and every ten years
8 thereafter, a program review committee is established for
9 purposes of reviewing the wastewater and drinking water
10 treatment financial assistance program. By December 1 of
11 the same year, the review committee shall file a report
12 with the governor and the general assembly that reviews the
13 effectiveness of the program during the prior ten fiscal years.

14 b. The program review committee shall consist of the
15 following members:

16 (1) The governor or the governor's designee.

17 (2) The secretary of agriculture or the secretary's
18 designee.

19 (3) The executive director of the authority or the executive
20 director's designee.

21 (4) The director of the department of natural resources or
22 the director's designee.

23 (5) Four members of the general assembly, with two from the
24 senate and two from the house of representatives and not more
25 than one member from each chamber being from the same political
26 party. The two senators shall be designated one member each
27 by the president of the senate, after consultation with the
28 majority leader of the senate, and by the minority leader of
29 the senate. The two representatives shall be designated one
30 member each by the speaker of the house of representatives,
31 after consultation with the majority leader of the house of
32 representatives, and by the minority leader of the house of
33 representatives.

34 c. Staffing services shall be provided by the authority.

35 9. a. A water quality financing review committee is

1 created consisting of the secretary of agriculture or the
2 secretary's designee, the executive director of the authority
3 or the executive director's designee, and the director of the
4 department of natural resources or the director's designee.

5 b. The committee shall review and approve or deny
6 applications for financial assistance under the wastewater
7 and drinking water treatment financial assistance program
8 established in this section.

9 Sec. 4. NEW SECTION. 16.134A Water quality financial
10 assistance fund.

11 1. A water quality financial assistance fund is created in
12 the state treasury as a revolving fund.

13 2. The fund shall consist of all of the following:

14 a. (1) Moneys transferred to the fund pursuant to section
15 423G.6.

16 (2) This paragraph "a" is repealed on January 1, 2030.

17 b. Appropriations made to the fund and transfers of
18 interest, earnings, and moneys from other funds as provided by
19 law.

20 3. For each fiscal year in the fiscal period beginning
21 July 1, 2016, and ending June 30, 2029, there is appropriated
22 the following percentages of the balance of the fund for the
23 following purposes:

24 a. Forty percent to the Iowa finance authority to support
25 the wastewater and drinking water treatment financial
26 assistance program created in section 16.134.

27 b. Forty-five percent to the Iowa finance authority to be
28 credited to the water quality financing program fund created
29 pursuant to section 16.145.

30 c. Fifteen percent to the division of soil conservation
31 and water quality of the department of agriculture and land
32 stewardship to support the water quality urban infrastructure
33 program created in section 466B.44.

34 4. Moneys in the fund are not subject to section 8.33.
35 Notwithstanding section 12C.7, subsection 2, interest or

1 earnings on moneys in the fund shall be credited to the fund.

2 Sec. 5. NEW SECTION. 16.143 Definitions.

3 As used in this part, unless the context otherwise requires:

4 1. "*Cost*" means all costs, charges, expenses, or other
5 indebtedness incurred by a loan recipient and determined by
6 the authority as reasonable and necessary for carrying out
7 all works and undertakings necessary or incidental to the
8 accomplishment of any project.

9 2. "*Eligible entity*" means a municipality meeting the
10 requirements in section 16.146 or a landowner, as determined by
11 the authority, a public utility as defined in section 476.1, or
12 a rural water district or rural water association as defined
13 in section 357A.1.

14 3. "*Loan recipient*" means an eligible entity that has
15 received a loan under the program.

16 4. "*Municipality*" means a governmental body such as a state
17 agency or a political subdivision of the state. Municipality
18 includes but is not limited to a city, city utility, county,
19 soil and water conservation district, sanitary district, a
20 subdistrict of any of the foregoing districts, state agency,
21 or other governmental body or corporation empowered to provide
22 sewage collection and treatment services or drinking water, or
23 any entity jointly exercising governmental powers pursuant to
24 chapter 28E or 28F, or any other combination of two or more
25 governmental bodies or corporations acting jointly under the
26 laws of this state in connection with a project.

27 5. "*Program*" means the water quality financing program
28 created in this part.

29 6. "*Project*" means any combination of improvements,
30 structures, developments, tasks, actions, constructions,
31 modifications, operations, or practices designed to improve
32 water quality that are proposed by an eligible entity and
33 approved by the authority. "*Project*" includes but is not
34 limited to any of the following:

35 a. A project meeting the requirements of part 2 of this

1 subchapter.

2 *b.* A project, operation, or practice undertaken or carried
3 out to address watershed protection, flood prevention, or water
4 quality improvement.

5 *c.* A project meeting the requirements of a sponsor project
6 under section 455B.199.

7 Sec. 6. NEW SECTION. **16.144 Water quality financing**
8 **program.**

9 1. The authority, in cooperation with the department of
10 natural resources and the department of agriculture and land
11 stewardship, shall establish and administer a water quality
12 financing program. The purpose of the program shall be to
13 provide financial assistance to enhance the quality of surface
14 water and groundwater, particularly by providing financial
15 assistance for projects designed to improve water quality
16 by addressing point and nonpoint sources, with a higher
17 prioritization provided to collaborative efforts.

18 2. The authority shall determine the interest rate
19 and repayment terms for loans made under the program, in
20 cooperation with the department of natural resources and
21 the department of agriculture and land stewardship, and the
22 authority shall enter into loan agreements with eligible
23 entities in compliance with and subject to the terms and
24 conditions of the program as described in this part.

25 3. The authority may charge loan recipients fees and assess
26 costs against such recipients necessary for the continued
27 operation of the program. Such fees and costs shall not exceed
28 the costs directly associated with the administration of the
29 program. Fees and costs collected pursuant to this subsection
30 shall be deposited in the appropriate fund or account created
31 in section 16.145.

32 4. The program shall be administered by the authority in
33 accordance with rules adopted by the authority pursuant to
34 chapter 17A.

35 Sec. 7. NEW SECTION. **16.145 Water quality financing program**

1 fund — appropriation — other funds.

2 1. a. A water quality financing program fund is created
3 and shall consist of appropriations made to the fund, moneys
4 credited to the fund pursuant to section 16.134A, and transfers
5 of interest, earnings, and moneys from other funds as provided
6 by law. The fund shall be administered by the authority as
7 a revolving fund. Moneys in the fund are appropriated to
8 the authority for purposes of the program. Notwithstanding
9 section 8.33, moneys in the fund that remain unencumbered or
10 unobligated at the close of a fiscal year shall not revert
11 but shall remain available for expenditure for the purposes
12 designated. Notwithstanding section 12C.7, subsection 2,
13 interest or earnings on moneys in the fund shall be credited
14 to the fund.

15 b. The authority shall use the moneys in the fund to provide
16 financial assistance to eligible entities under the program.
17 The authority may provide financial assistance in the form
18 deemed most convenient for the efficient financing of projects,
19 including loans, forgivable loans, or grants. The authority
20 shall administer the fund and the program in such a manner
21 as to provide a permanent source of water quality project
22 financial assistance to eligible entities.

23 c. The authority may annually use an amount of not more
24 than one percent of the moneys in the fund for administrative
25 purposes.

26 2. a. The authority may establish and maintain other
27 funds and accounts determined to be necessary to carry out the
28 purposes of the program and shall provide for the funding,
29 administration, investment, restrictions, and disposition of
30 the funds and accounts.

31 b. Moneys appropriated to and used by the authority for
32 purposes of paying the costs and expenses associated with
33 the administration of the program shall be administered as
34 determined by the authority.

35 c. All moneys transferred to the authority shall be

1 deposited and held in a fund or account established and
2 maintained pursuant to this section for purposes of the
3 program.

4 3. The funds or accounts held by the authority, or a trustee
5 acting on behalf of the authority pursuant to a trust agreement
6 related to the program, shall not be considered part of the
7 general fund of the state, are not subject to appropriation for
8 any other purpose by the general assembly, and in determining
9 a general fund balance shall not be included in the general
10 fund of the state, but shall remain in the funds and accounts
11 maintained by the authority or trustee pursuant to a trust
12 agreement. Funds and accounts held by the authority, or a
13 trustee acting on behalf of the authority pursuant to a trust
14 agreement related to the program, are separate dedicated funds
15 and accounts under the administration and control of the
16 authority and subject to section 16.31.

17 4. By October 1, 2017, and by October 1 of each year
18 thereafter, the authority shall submit a report to the governor
19 and the general assembly itemizing expenditures from the fund
20 during the previous fiscal year.

21 Sec. 8. NEW SECTION. 16.146 Eligible entities — agreements
22 required.

23 1. An eligible entity may apply to the authority for
24 financial assistance under the water quality financing program
25 established in section 16.144 by submitting a plan that meets
26 the following requirements:

27 a. The plan includes one or more projects that improve
28 water quality in the local area or watershed. Projects shall
29 use practices identified in the latest version of the document
30 entitled "Iowa Nutrient Reduction Strategy" initially presented
31 in November 2012 by the department of agriculture and land
32 stewardship, the department of natural resources, and Iowa
33 state university of science and technology. A drainage or
34 levee district established under chapter 468 shall utilize the
35 installation of edge-of-field infrastructure as described in

1 section 466B.43.

2 **b.** The plan describes in detail the manner in which the
3 projects will be financed and undertaken, including, as
4 applicable, the sources of revenue directed to financing the
5 improvements as well as the municipalities or landowners that
6 will be receiving the revenues and how such revenues will be
7 spent on the projects.

8 2. The authority shall review and approve or deny
9 applications for financial assistance. The provision of
10 financial assistance under the program shall take into account,
11 as applicable, the number of municipalities or landowners
12 comprising an eligible entity and the eligible entity's
13 financing capacity. The authority shall score applications
14 for financial assistance according to rules adopted pursuant
15 to this part. The authority shall only provide financial
16 assistance to eligible entities that have sufficient financing
17 capacity and that submit an appropriate plan designed to
18 improve water quality.

19 3. An approved eligible entity shall enter into an agreement
20 with the authority for the provision of financial assistance.
21 The agreement shall include standard terms for the receipt
22 of program moneys and any other terms the authority deems
23 necessary or convenient for the efficient administration of the
24 program.

25 Sec. 9. Section 423.3, Code 2016, is amended by adding the
26 following new subsection:

27 NEW SUBSECTION. 103. **a.** The sales price from the sale or
28 furnishing by a water utility of a water service in the state
29 to consumers or users.

30 **b.** For purposes of this subsection:

31 (1) "*Water service*" means the delivery of water by piped
32 distribution system.

33 (2) "*Water utility*" means a public utility as defined in
34 section 476.1 that furnishes water by piped distribution system
35 to the public for compensation.

1 Sec. 10. NEW SECTION. **423G.1 Short title.**

2 This chapter may be cited as the "*Water Service Tax Act*".

3 Sec. 11. NEW SECTION. **423G.2 Definitions.**

4 1. All words and phrases used in this chapter and defined in
5 section 423.1 have the same meaning given them by section 423.1
6 for purposes of this chapter.

7 2. As used in this chapter, "*water service*" and "*water*
8 *utility*" mean the same as defined in section 423.3, subsection
9 103.

10 Sec. 12. NEW SECTION. **423G.3 Water service tax.**

11 An excise tax at the rate of six percent is imposed on the
12 sales price from the sale or furnishing by a water utility of a
13 water service in the state to consumers or users.

14 Sec. 13. NEW SECTION. **423G.4 Exemptions.**

15 The sales price from transactions exempt from state sales
16 tax under section 423.3, except section 423.3, subsection 103,
17 is also exempt from the tax imposed by this chapter.

18 Sec. 14. NEW SECTION. **423G.5 Administration by director.**

19 1. The director of revenue shall administer the water
20 service tax as nearly as possible in conjunction with the
21 administration of the state sales and use tax law, except that
22 portion of the law that implements the streamlined sales and
23 use tax agreement. The director shall provide appropriate
24 forms, or provide on the regular state tax forms, for reporting
25 water service tax liability.

26 2. The director may require all persons who are engaged
27 in the business of deriving any sales price or purchase
28 price subject to tax under this chapter to register with
29 the department. The director may also require a tax permit
30 applicable only to this chapter for any retailer not
31 collecting, or any user not paying, taxes under chapter 423.

32 3. Section 422.25, subsection 4, sections 422.30, 422.67,
33 and 422.68, section 422.69, subsection 1, sections 422.70,
34 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
35 1, and sections 423.23, 423.24, 423.25, 423.31 through

1 423.35, 423.37 through 423.42, and 423.47, consistent with the
 2 provisions of this chapter, shall apply with respect to the tax
 3 authorized under this chapter, in the same manner and with the
 4 same effect as if the excise taxes on the sale or furnishing of
 5 a water service were retail sales taxes within the meaning of
 6 those statutes. Notwithstanding this subsection, the director
 7 shall provide for quarterly filing of returns and for other
 8 than quarterly filing of returns both as prescribed in section
 9 423.31. All taxes collected under this chapter by a retailer
 10 or any user are deemed to be held in trust for the state of
 11 Iowa.

12 Sec. 15. NEW SECTION. **423G.6 Deposit of revenues.**

13 1. All moneys received and all refunds shall be deposited in
 14 or withdrawn from the general fund of the state.

15 2. Subsequent to the deposit in the general fund of the
 16 state, the department shall transfer the following amounts to
 17 the water quality financial assistance fund created in section
 18 16.134A:

19 a. For revenues collected on or after July 1, 2017, but
 20 before August 1, 2018, one-sixth of the revenues.

21 b. For revenues collected on or after August 1, 2018, but
 22 before August 1, 2019, one-third of the revenues.

23 c. For revenues collected on or after August 1, 2019, but
 24 before August 1, 2020, one-half of the revenues.

25 d. For revenues collected on or after August 1, 2020, but
 26 before August 1, 2021, two-thirds of the revenues.

27 e. For revenues collected on or after August 1, 2021, but
 28 before August 1, 2022, five-sixths of the revenues.

29 f. For revenues collected on or after August 1, 2022, one
 30 hundred percent of the revenues.

31 Sec. 16. NEW SECTION. **423G.7 Future repeal.**

32 This chapter is repealed upon the occurrence of one of the
 33 following, whichever is earlier:

34 1. The enactment date that the tax rate for the sales
 35 tax imposed upon the retail sales price of tangible personal

1 property and the furnishing of enumerated services sold in this
2 state in effect on July 1, 2015, is increased.

3 2. July 1, 2029.

4 Sec. 17. NEW SECTION. **466B.43 Water quality agriculture**
5 **infrastructure programs.**

6 1. As part of the water quality initiative established
7 pursuant to section 466B.42, the division shall administer
8 water quality agriculture infrastructure programs created in
9 this section.

10 2. The purpose of the programs is to support projects for
11 the installation of infrastructure, including conservation
12 structures, practices, or other measures that reduce
13 contributing nutrient loads, associated sediment, or
14 contaminants from sources to surface waters. The programs
15 shall be administered in a manner that is consistent with
16 the latest version of the "Iowa Nutrient Reduction Strategy"
17 initially presented in November 2012 by the department of
18 agriculture and land stewardship, the department of natural
19 resources, and Iowa state university of science and technology.

20 3. An edge-of-field infrastructure program is created.
21 The program shall support projects located on agricultural
22 land, which may include demonstration projects, that capture
23 or filter nutrients entering into a surface water. The
24 program's projects shall be limited to infrastructure designed
25 and installed for use over multiple years, including but not
26 limited to wetlands, bioreactor systems, saturated buffers,
27 or land use changes. The program shall be financed on a
28 cost-share basis.

29 4. An in-field infrastructure program is created. The
30 program shall support projects located on agricultural land,
31 which may include demonstration projects, that decrease erosion
32 and precipitation-induced surface runoff, increase water
33 infiltration rates, and increase soil sustainability. The
34 program's projects shall be limited to infrastructure designed
35 and installed for use over multiple years, including but not

1 limited to structures, terraces, and waterways located on
 2 cropland or pastureland, and including but not limited to soil
 3 conservation or erosion control structures or managed drainage
 4 systems. The program shall be financed on a cost-share basis.

5 5. Any state moneys used to finance a project under a
 6 water quality agriculture infrastructure program shall be
 7 administered according to an agreement entered into by the
 8 division and the owner of the land where the infrastructure
 9 is to be installed. The agreement shall include standard
 10 terms and conditions for the receipt of program moneys and
 11 any other terms and conditions the division deems necessary
 12 or convenient for the efficient administration of the project
 13 or program. The division may support multiple installations
 14 of infrastructure on a single parcel of land. The division
 15 may also combine programs if cost effective. The division may
 16 annually use an amount of not more than four percent of the
 17 moneys used to support a program for administrative purposes.

18 6. By October 1, 2017, and each October 1, thereafter, the
 19 division shall submit a report to the governor and the general
 20 assembly itemizing expenditures, by hydrologic unit code 8
 21 watershed, under the program during the previous fiscal year.

22 7. Any information obtained by the division identifying
 23 a person holding a legal interest in agricultural land or
 24 specific agricultural land shall be a confidential record under
 25 section 22.7.

26 Sec. 18. NEW SECTION. **466B.44 Water quality urban**
 27 **infrastructure program.**

28 1. As part of the water quality initiative established
 29 pursuant to section 466B.42, the division shall administer a
 30 water quality urban infrastructure program.

31 2. The purpose of the program is to support watershed
 32 projects and advance implementation of the latest version of
 33 the "Iowa Nutrient Reduction Strategy" initially presented
 34 in November 2012 by the department of agriculture and land
 35 stewardship, the department of natural resources, and Iowa

1 state university of science and technology, which program
2 support may include demonstration projects that decrease
3 erosion, precipitation-induced surface runoff, and storm
4 water discharges and increase water infiltration rates. The
5 program's projects shall be based on Iowa's storm water
6 management manual published by the department of natural
7 resources.

8 3. The program shall be financed on a cost-share basis or
9 through cooperative agreements with watershed projects funded
10 through section 455B.199 whose project activities fall outside
11 the territorial boundaries of a city.

12 4. Any state moneys used to finance a project under a water
13 quality urban infrastructure program shall be administered
14 according to an agreement entered into by the division and the
15 owner of the land where the infrastructure is to be installed.
16 The agreement shall include standard terms and conditions
17 for the receipt of program moneys and any other terms and
18 conditions the division deems necessary or convenient for
19 the efficient administration of the project or program. The
20 division may support multiple installations of infrastructure
21 on a single parcel of land. The division may annually use an
22 amount of not more than four percent of the moneys used to
23 support a program for administrative purposes.

24 5. Notwithstanding any other provision in this section
25 to the contrary, beginning on July 1, 2018, the division may
26 use any amount available to support the water quality urban
27 infrastructure program to instead support the three-year data
28 collection of in-field practices project as enacted in 2015
29 Iowa Acts, ch. 132, §18.

30 6. Notwithstanding any other provision of this section
31 to the contrary, the division may use any amount available
32 to support the water quality urban infrastructure program to
33 develop and maintain an online resource displaying measurable
34 indicators of desirable change in water quality within the
35 state's watersheds. These measurable indicators may include

1 but are not limited to public and private funding inputs,
2 involvement in water quality projects, and improvements, land
3 use, practice adoption, calculated load reduction, and measured
4 loads at existing monitoring stations.

5 7. By October 1, 2017, and by October 1 of each year
6 thereafter, the division shall submit a report to the governor
7 and the general assembly itemizing expenditures under the
8 program during the previous fiscal year.

9 8. Any information obtained by the division identifying a
10 person holding a legal interest in land or specific land shall
11 be a confidential record under section 22.7.

12 Sec. 19. EFFECTIVE DATE. The following provisions of this
13 Act take effect July 1, 2017:

14 1. The section of this Act amending section 423.3.

15 2. The sections of this Act enacting chapter 423G.

16 Sec. 20. EFFECTIVE DATE. The following provisions of this
17 Act take effect January 1, 2017:

18 1. The section of this Act amending section 16.134.

19 2. The section of this Act enacting sections 16.143, 16.144,
20 16.145, and 16.146.

21 3. The section of this Act enacting section 466B.44.